

RELATING TO CERTAIN CONSTRUCTION COST ADJUSTMENTS
IN CONNECTION WITH THE GREENFIELDS DIVISION OF THE
SUN RIVER IRRIGATION PROJECT, MONTANA

JULY 11, 1951.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. ENGLE, from the Committee on Interior and Insular Affairs,
submitted the following

REPORT

[To accompany H. R. 3144]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 3144) relating to certain construction cost adjustments in connection with the Greenfields Division of the Sun River irrigation project, Montana, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are as follows:

Page 1, line 7, strike the letter "(a)" following the word "to".

Page 1, line 9, strike the figure "\$338,484," and insert in lieu thereof the figure "\$297,752".

Page 1, line 9, strike the words "and (b)", strike all of line 10, all of line 1, page 2, and all of line 2 up to and including the figure "\$472,511,".

PURPOSE OF THE BILL

The purpose of H. R. 3144 is to authorize certain reductions in the repayment obligation for construction costs in connection with the Greenfields Division of the Sun River irrigation project, Montana.

As introduced, the bill proposed that the Greenfields irrigation district be relieved of the obligation for paying construction costs for (a) that part of the Greenfields main canal between station O and station 278 ($5\frac{2}{100}$ miles) in the amount of \$338,484, and (b) that part of the Sun River slope canal between station 397+08 and station 434 (seven one-hundredths mile) in the amount of \$134,027, totaling \$472,511.

The bill was amended by the Committee on Interior and Insular Affairs to authorize a write-off in the amount of \$297,752 for the now unused section of the main canal between station O and station 278.

The corrected construction cost for this section of canal was agreed upon by the Bureau of Reclamation and the local irrigation district as \$315,047. The write-off was reduced by \$17,295, making a total of \$297,752, as a fair share of the construction cost for the abandoned section from which no benefits are received.

The reduction in the approved write-off is the estimated equivalent cost (1929-31 prices) of a small canal to serve the 4,400 acres of new land which is now served by the relocated section of canal. The cost of serving this area was regarded as a proper charge against the water users.

NEED FOR LEGISLATION

The committee believes a write-off is necessary for the equivalent cost of the section of the Greenfields main canal which was constructed in 1913 and abandoned several years later after several unsuccessful attempts to remedy excessive seepage and cracking of canal lining. Unless a fair share of the cost is written off, the local water users will be required to carry the burden of paying for an engineering mistake which was not the fault of the local people. In fact the record shows that the original location was objected to by the local representative of the Reclamation Service and discussed by others who were interested in the canal construction. Nevertheless, a consulting board of engineers approved the location which later had to be abandoned.

The requested write-off on the second section of the canal was specifically denied because there was no evidence of poor engineering in making the original location or objection by the local people who are obligated to repay the costs.

ACTION DOES NOT SET PRECEDENT

In reporting this bill, the committee wishes to emphasize that it is not establishing a policy of guaranteeing the engineering on projects built by the Federal Government. On the other hand, the committee recognizes the injustice and the hardship which may be imposed in particular instances where a flagrant error has been made which was protested on the scene at the time the construction was started. The local irrigators who have to pay the cost of the project can in such instances very properly contend that they should not be saddled with the cost of useless irrigation works built on an engineering error over local protests. The committee considers the circumstances in this instance serious enough, and one in which timely protest was made to warrant the irrigators being relieved of the cost of the unusable project works.

Moreover, the canal was constructed at a time when much of the work of the Reclamation Service was experimental in character. That is no longer the case because of improved engineering practices and scientific advancement made since the early days of the Reclamation Bureau.

Congress recognized this fact in 1926 by passing the Fact Finders Act which allowed special readjustments to be made on certain reclamation projects in cases of errors in design, and it is believed had this particular situation come to the attention of Congress at that time the

repayment obligation of the Greenfields Division of the Sun River irrigation project would have been relieved.

The report of the Department of the Interior, which disapproves write-off of the total construction costs for the two sections, is as follows:

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., June 6, 1951.

HON. JOHN R. MURDOCK,
*Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.*

MY DEAR MR. MURDOCK: We are glad to comply with your request for an expression of the views of this Department on H. R. 3144, a bill relating to certain construction cost adjustments in connection with the Greenfields Division of the Sun River irrigation project, Montana.

I do not recommend that H. R. 3144 be enacted.

Construction of the Greenfields Division of the Sun River project was undertaken by the United States in 1913 and water was first available in 1920. A contract between the United States and the Greenfields irrigation district was entered into June 22, 1926. Under this contract the district agreed to reimburse the United States for the cost of construction of the project works in an amount not to exceed \$9,500,000. This obligation is now being repaid by the district in accordance with subsection (f) of section 4 of the act of Congress of December 5, 1924 (43 Stat. 672), commonly referred to as the 5-percent plan. On January 1, 1931, the United States transferred the operation and maintenance of the Greenfields Division to the Greenfields irrigation district.

Under the provisions of H. R. 3144 a write-off of certain reimbursable construction charges is proposed, based upon the abandonment of two sections of the old canal. The first relates to a write-off of \$338,484 for the abandonment of that part of the Greenfields main canal between station 0 and station 278. This is an earth section, 5.26 miles long, with intermittent concrete lining (not reinforced) totaling 7,875 feet. It was abandoned in 1931 upon completion of the Spring Valley canal at an elevation above the Greenfields main canal. The Spring Valley canal brought water to an additional area of approximately 4,440 irrigable acres not formerly served. The addition of this new acreage permitted the old acreage to be served from the new facility without any material difference in the per-acre construction costs allocable to the old acreage. These acres could have been brought in by a lateral of smaller capacity had the Greenfields main canal of 5.26 miles been satisfactory. The abandoned portion of the Greenfields main canal is not now being used nor will it be used in the future. The canal was constructed in accordance with the usual standards prevailing at that time but soon developed losses due to seepage. In 1918-19, sections of the canal were lined with concrete, but this work did not wholly eliminate the leakage. In 1922, a bad break occurred which required 1,600 feet of relining with reinforced concrete. Further work was not necessary after plans were made for construction of Spring Valley canal and abandonment of this section of old canal. The irrigation district commissioners, on the basis of project records, have determined that excess construction costs as a result of failure of this section of the Greenfields main canal total \$326,759. H. R. 3144 includes \$338,484 for this item. The reason for the increase of \$11,725 in this item is not apparent but it is assumed to be for overhead costs which were originally excluded.

The other item of write-off in the amount of \$134,027 proposed by H. R. 3144 relates to a change in the alinement of the Sun River slope canal between station 397+08 and station 434. This section of the canal, approximately seven-tenths mile in length, was originally constructed by the United States in 1913. The construction was according to the accepted engineering standards of canal construction prevailing at that time. Recurring trouble due to leakage which was not possible of repair resulted in a new section of the canal being constructed by the United States in 1936. This new section of the canal obviated the recurring trouble and it has operated efficiently since its construction. The cost of the portion of the canal abandoned is shown on the books of the Bureau of Reclamation to be \$121,843, which varies from the \$134,027 shown in H. R. 3144.

I do not recommend enactment of H. R. 3144 for the following reasons:

First, the works as constructed by the United States were at the time of construction designed and built according to the then accepted engineering standards.

Second, the obligation of the Greenfields irrigation district is a general district obligation not based on any fixed per acre charge, but is an obligation consisting of a maximum of \$9,500,000 to be repaid by assessment against all of the irrigable lands in the district. The total amount of the district's obligation when divided by the irrigable acreage reflects an estimated per acre charge of approximately \$115. The realignment of the Greenfields main canal resulted in the inclusion of an additional 4,400 acres of irrigable land. Therefore, the new land brought into the district as a result of this realignment will assist the district in the repayment of its obligation in an amount somewhat in excess of the total amount sought to be written off under the provisions of H. R. 3144.

Third, the work undertaken by the United States constituted a betterment of existing irrigation facilities. The Bureau of Reclamation is continuously engaged in such betterment work, the cost of which is repayable by the affected water users' organization.

The policy of the Department is to recommend write-offs for reimbursable construction costs only as project acreage is affected through a project land classification resulting in a substantial area being classified as not susceptible to irrigation either through soil conditions or deficiency of water supply.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

(Signed) WILLIAM E. WARNE,
Assistant Secretary of the Interior.

The Committee on Interior and Insular Affairs unanimously recommends the enactment of H. R. 3144, as amended.

○